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The CIA: Can Casey Survive?

Barry Goldwater, the senior senator from Arizona, had finally dropped off to sleep after a taxing day last week when the telephone rang. CIA director William J. Casey was on the line, anguished and angered by what he had just heard—the senator's televised call for Casey's resignation. "I can't believe you said that," Casey said. Goldwater, not at his best at that hour, according to a friend, immediately shot back: "Well, Bill, you better believe it, because that's what I said."

Goldwater, chairman of the Senate Select Committee on Intelligence, was hardly alone. Key committee members agreed that Casey had to go, and they said so

destabilize the regime of Libyan leader Muammar Kaddafi (page 19).

In fact, White House officials were beginning to translate their concerns about Casey into action. NEWSWEEK learned that a search has already begun for possible replacements for Casey, with three retired Army generals heading the list. They included Ambassador-at-Large Vernon Walters, a former CIA deputy director; Daniel O. Graham, a hard-right former director of the Pentagon's Defense Intelligence Agency (DIA), and Samuel V. Wilson, who has served as both DIA director and deputy director of the CIA. Conspicuously absent from the Administration short list was the current CIA deputy director, Adm. Bobby Ray Inman, a former director of the National Security Agency. His absence reflected a deepening rift between top Reagan aides who want to amend the CIA charter to give the agency more latitude in covert operations and Inman—an intelligence professional who believes the CIA's real problems are inadequate funding and a deteriorating analytical capability.

Going Public: Goldwater's decision to go public in the Casey affair was almost as big a surprise to the senator as it was to Casey and the White House. Privately Goldwater had often expressed hope that Casey would resign. He agreed to face TV cameras Thursday night to deny an inaccurate CBS News report that he had advised Casey directly to step down. But responding to a reporter's question, he confirmed his own grim conclusion about the CIA boss. "That he appointed an inexperienced man to be, in effect, the nation's top spy was bad enough," Goldwater said.

"Hugel's appointment is . . . sufficient . . . for Mr. Casey to retire or the President to have him retire."

Others quickly followed suit. Republican whip Ted Stevens of Alaska, whose loyalty is valued at the White House, said that conversations with other members of the Senate intelligence committee and the Senate defense appropriations subcommittee had persuaded him that his friend Casey should leave the CIA "for the good of the agency." When Majority Leader Howard Baker of New Hampshire said that speculation in Washington was that Casey would be gone by the weekend.

Then the snowball began to melt a bit.

Official scrutiny of Casey's business record over the years has not prevented him from serving as chairman of the Securities and Exchange Commission, Under Secretary of State for Economic Affairs and president of the Export-Import Bank. But newspaper stories a fortnight ago disclosed that two Federal judges in the past year had cited Casey for financial improprieties

in connection with a failed agribusiness concern, Multiponics, Inc. And Democratic Sen. Daniel P. Moynihan said the intelligence panel, aided by ten FBI agents, planned a "thorough" investigation of Casey's taxes and other business ties—including some minor holdings not disclosed at his CIA confirmation hearings.

'Harebrained' Schemes: Goldwater and others on the Hill were clearly less concerned with Casey's corporate affairs than with his judgment as boss of the CIA. Choosing Hugel—who held a relatively minor post in the Reagan campaign—as deputy director for operations has been the most controversial of Casey's decisions at the agency, but it is not the only one to be called into question. He also signed off on a proposal for new, watered-down restrictions on the CIA without even reading it, a White House aide admitted. Moreover, some Congressional sources said there was a feeling that Casey was too willing to approve "harebrained" schemes. After learning about the Libyan operation, for example, members of the House intelligence committee took the unusual step of writing directly to the President to object, bypassing Casey and Hugel. During the Carter Administration, such objections were registered verbally with former CIA director Stansfield Turner when he briefed the panel on covert plans. But Casey generally avoids such briefings, and members of the intelligence committee were not sure that their concerns would be passed on and considered.

At the White House, reaction to Casey's deepening problems did not show up in the kind of blind loyalty that bound Jimmy Carter so tightly to his banking buddy Bert Lance, who ultimately resigned under fire as director of the Office of Management and



The director: Buying himself a weekend

publicly—diverting attention from Ronald Reagan's initiation to summitry at Ottawa and presenting him with the first political crisis of his Administration. In public, Reagan's men described their boss as having "full confidence" in Casey. But privately, aides were troubled by the chorus of criticism from Capitol Hill. White House spokesman David Gergen conceded that the "climate" might change as a result of an intelligence committee staff report, due this week, on Casey's past business dealings and his controversial appointment of businessman Max Hugel—who resigned a fortnight ago—in charge of covert operations at the CIA. The House Select